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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
VENEZUELA

IPF:(1987-91) $ 5 100 000

(VEN/91/012) - Transport Pre-investment Programme

Date of approval by the AC:[1]	4 September 1991
Expected duration:	18 months
Proposed executing agency:	Government
Government implementing agency:	Ministry of Transport and Communications
Proposed UNDP contribution:	$ 10 500 Source of funds:IPF
Government cost sharing:	$ 4 100 900
Total UNDP budget:	$ 4 111 400

Project background

The decade of the 1970s began with a large inflow of oil export revenues which the Government of Venezuela used for investment programmes in several sectors of the economy without a detailed economic and social evaluation. The drop in oil prices, towards the end of that decade, forced the country to incur in external and fiscal deficits but it did not change the way public investments were decided. In February 1989, the Government began an important programme to transform the national economy that included a National Investment Plan approved in 1990 and which was considered an essential step to promote social and economic development of the country. The implementation of this plan requires an improvement in the organization and managerial capacity of the Government to handle in a systematic and integrated way all issues involved in the investment project cycle.

In order to improve this situation the Government signed in 1990, a loan agreement with the World Bank for (US)$30 million to financed pre-investment activities and the strengthening of those institutions involved in major public investment programmes. In this context, the amount of (US)$ 4.5 million has been allocated to the transportation sector where the lack of basic studies hinder the formulation and implementation of coherent development strategies for the sector. At the same time and in order to ensure the co-ordination of the different institutions involved in the transportation sector, the Government created in 1990 the Venezuelan Council of Transportation which has already structured an integrated policy for the sector. Furthermore, the Council has began introducing changes in the way the public sector carries out pre-investment and investment activities. The formulation of investment projects for roads maintenance, urban and inter-urban transport, freight and medium and long- term investment programmes have been

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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identified as priority areas that need immediate attention.

The Government has therefore requested UNDP assistance to strengthen the Ministry of Transport and Communication in the area of pre-investment programmes.

Description of project

The proposed project will contribute to the achievement of the first objective of the Fourth Country Programme and also to the first concentration area foreseen in the Fifth Country Programme which is to support the decentralization of the public sector and strengthening the management capacity of the State. The immediate objectives ofthe project are to:(a) improve the technical capacity of the Ministry of Transport and Communication to plan and design investment projects, including methods, systems and procedures for project planning and evaluation; (b) optimize inter-urban transportation with emphasis in freight transportation systems and maintenance and re-habilitation of inter-urban roads through studies and baseline surveys which will allow the preparation of investment programmes and loan requests; and (c) develop the flow of traffic in seven important cities through the definition of concrete measures and the preparation of a complementary investment programme.

Inputs

UNDP will provide 37.5 work-months of international and national professional personnel in urban transportation, roads maintenance and privatization; sub-contracts for the preparation of national and urban studies as well as planning, evaluation and budgetary systems; training programmes in transportation planning, traffic engineering, design of roads projects, project evaluation and use of computers and information systems; equipment for information systems and 35 micro-computers; and travel, mission, reporting and sundry costs.

Financial data

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Personnel	421 500
Subcontract	3 595 600
Training	33 000
Equipment	58 000
Miscellaneous	3 300
Total	4 111 400

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